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Chapter Two:

The Metaphysics of Political Economy

3. Competition and Monopoly

Good side of competition

"Competition is as essential to labour as division.... It is necessary ... for the *advent of equality*." [I 186, 188]

Bad side of competition

"The principle is the negation of itself. Its most certain result is to ruin those whom it drags in its train." [I 185]

General reflection

"The *drawbacks* which follow in its wake, just as the good it provides... both flow logically from the principle." [I 185-86]

"To seek the principle of *accommodation*, which must be derived from a law superior to liberty itself." [I 185]

Problem to be solved

"There can, therefore, be no question here of destroying competition, a thing as impossible to destroy as liberty; we have only to find its equilibrium, I would be ready to say its *police*." [I 223]

M. Proudhon begins by defending the eternal necessity of competition against those who wish to replace it by *emulation* [Engels: The Fourierists].

There is no "purposeless emulation", and as "the object of every passion is necessarily analogous to the passion itself — a woman for the lover, power for the ambitious, gold for the miser, a garland for the poet — the object of industrial emulation is necessarily profit. Emulation is nothing but competition itself."
[I 187]

Competition is emulation with a view to profit. Is industrial emulation necessarily emulation with a view to profit, that is, competition?? M. Proudhon proves it by affirming it. We have seen that, for him, to affirm is to prove, just as to suppose is to deny.

If the immediate *object* of the lover is the woman, the immediate object of industrial emulation is the product and not the profit.

Competition is not industrial emulation, it is commercial emulation. In our time industrial emulation exists only in view of commerce. There are even phases in the economic life of modern nations when everybody is seized with a sort of craze for making profit without producing. This speculation craze, which recurs periodically, lays bare the true character of competition, which seeks to escape the need for industrial emulation.

If you had told an artisan of the 14th century that the privileges and the whole feudal organization of industry were going to be abrogated in favor of industrial emulation, called competition, he would have replied that the privileges of the various corporations, guilds and fraternities were organized competition. M. Proudhon does not impose upon this when he affirms that "emulation is nothing but competition itself".

"Decree that from the first of January 1847, labor and wages shall be guaranteed to everybody: immediately an immense relaxation will succeed the high tension of industry." [I 189]

Instead of a supposition, an affirmation and a negation, we have now a decree that M. Proudhon issues purposely to prove the necessity of competition, its eternity as a category, etc.

If we imagine that decrees are all that is needed to get away from competition, we shall never get away from it. And if we go so far as to propose to abolish competition while retaining wages, we shall be proposing nonsense by royal decree. But nations do not proceed by royal decree. Before framing such ordinances, they must at least have changed from top to bottom the conditions of their industrial and political existence, and consequently their whole manner of being.

M. Proudhon will reply, with his imperturbable assurance, that it is the hypothesis of "a transformation of our nature without historical antecedents", and that he would be right in "excluding is from the discussion", we know not in virtue of which ordinance.

M. Proudhon does not know that all history is nothing but a continuous transformation of human nature.

"Let us stick to the facts. The French Revolution was made for industrial liberty as much as for political liberty; and although France, in 1789, had not perceived — let us say it openly — all the consequences of the principle whose realization it demanded, it was mistaken neither in its wishes nor in its expectations. Whoever attempts to deny this loses, in my view, the right to criticism. I will never dispute with an adversary who puts as principle the spontaneous error of 25 million men...."

"Why then, if competition had not been a principle of social economy, a decree of fate, a necessity of the human soul, why, instead of abolishing corporations, guilds and brother-hoods, did nobody think rather of repairing the whole?" [I 191, 192]

So, since the French of the 18th century abolished corporations, guilds, and fraternities instead of modifying them, the French of the 19th century must modify competition instead of abolishing it. Since competition was established in France in the 18th century as a result of historical needs, this competition must not be destroyed in the 19th century because of other historical needs. M. Proudhon, not understanding that the establishment of competition was bound up with the actual development of the men of the 18th century, makes of competition a necessity of the *human soul*, in partibus infidelium [ed: literally, "territory of the infidels"; here, meaning, "beyond the realm of reality".] What would he have made of the great Colbert for the 17th century?

After the revolution comes the present state of affairs. M. Proudhon equally draws facts from it to show the eternity of competition, by proving that all industries in

which this category is not yet sufficiently developed, as in agriculture, are in a state of inferiority and decrepitude.

To say that there are industries which have not yet reached the stage of competition, that others gains are below the level of bourgeois production, is driven which gives not the slightest proof of the eternity of competition.

All M. Proudhon's logic amounts to is this: competition is a social relation in which we are now developing our productive forces. To this truth, he gives no logical development, but only forms, often very well developed, when he says that competition is industrial emulation, the present-day mode of freedom, responsibility in labor, constitution of value, a condition for the advent of equality, a principle of social economy, a decree of fate, a necessity of the human soul, an inspiration of eternal justice, liberty in division, division on liberty, an economic category.

"Competition and association support each other. Far from excluding each other they are not even divergent. Whoever says competition already supposes a common aim. Competition is therefore not egoism, and the most deplorable error committed by socialism is to have regarded it as the overthrow of society." [I 223]

Whoever says competition says common aim, and that proves, on the one hand, that competition is association; on the other, that competition is not egoism. And whoever says *egoism*, does he not say common aim? Every egoism operates in society and by the fact of society. Hence it presupposes society, that is to say, common aims, common needs, common means of production, etc., etc. Is it, then, mere chance that the competition and association which the Socialists talk about are not even divergent?

Socialists know well enough that present-day society is founded on competition. How could they accuse competition of overthrowing present-day society which they want to overthrow themselves? And how could they accuse competition of overthrowing the society to come, in which they see, on the contrary, the overthrow of competition?

M. Proudhon says, later on, that competition is the *opposite of monopoly*, and consequently cannot be the *opposite of association*.

Feudalism was, from its origins, opposed to patriarchal monarchy; it was thus not opposed to competition, which was not yet in existence. Does it follow that competition is not opposed to feudalism?

In actual fact, *society*, *association* are denominations which can be given to every society, to feudal society as well as to bourgeois society which is association founded on competition. How then can there be Socialists, who, by the single word *association*, think they can refute competition?? And how can M. Proudhon himself wish to defend competition against socialism by describing competition by the single word *association*?

All we have just said makes up the beautiful side of competition as M. Proudhon sees it. Now let us pass on to the ugly side, that is the negative side, of competition, its drawbacks, its destructive, subversive elements, its injurious qualities.

There is something dismal about the picture M. Proudhon draws of it.

Competition engenders misery, it foments civil war, it "changes natural zones", mixes up nationalities, causes trouble in families, corrupts the public conscience, "subverts the notion of equity, of justice", of morality, and what is worse, it destroys free, honest trade, and does not even give in exchange *synthetic value*, fixed, honest price. It disillusion everyone, even economists. It pushes things so far as to destroy its very self.

After all the ill M. Proudhon says of it, can there be for the relations of bourgeois society, for its principles and its illusions, a more disintegrating, more destructive element than competition??

It must be carefully noted that competition always becomes the more destructive for bourgeois *relations* in proportion as it urges on a feverish creation of new productive forces, that is, of the material conditions of a new society. In this respect at least, the bad side of competition would have its good points.

"Competition as an economic position or phase, considered in its origin, is the necessary result... of the theory of the reduction of general expenses."

[I 235]

For M. Proudhon, the circulation of the blood must be a consequence of Harvey's theory.

"Monopoly is the inevitable end of competition, which engenders it by a continual negation of itself. This generation of monopoly is in itself a justification of it...."

"Monopoly is the natural opposite of competition... but as soon as competition is necessary, it implies the idea of monopoly, since monopoly is, as it were, the seat of each competing individuality." [I 236, 237]

We rejoice with M. Proudhon that he can for once at least properly apply his formula to thesis and antithesis. Everyone knows that modern monopoly is engendered by competition itself.

As for the content, M. Proudhon clings to poetic images. Competition made "of every subdivision of labor a sort of sovereignty in which each individual stood with his power and his independence". Monopoly is "the seat of every competing individuality". The sovereignty is worth at least as much as the seat.

M. Proudhon talks of nothing but modern monopoly engendered by competition. But we all know that competition was engendered by feudal monopoly. Thus competition was originally the opposite of monopoly and not monopoly the opposite of competition. So that modern monopoly is not a simple antithesis, it is on the contrary the true synthesis.

Thesis: Feudal monopoly, before competition.

Antithesis: Competition.

Synthesis: Modern monopoly, which is the negation of feudal monopoly, in so far as it implies the system of competition, and the negation of competition in so far as it is monopoly.

Thus modern monopoly, bourgeois monopoly, is synthetic monopoly, the negation of the negation, the unity of opposites. It is monopoly in the pure, normal, rational state.

M. Proudhon is in contradiction with his own philosophy when he turns bourgeois monopoly into monopoly in the crude, primitive, contradictory, spasmodic state. M. Rossi, whom M. Proudhon quotes several times on the subject of monopoly, seems to have a better grasp of the synthetic character of bourgeois monopoly. In his *Cours d'economie politique*, he distinguishes between artificial monopolies and natural monopolies. Feudal monopolies, he says, are artificial, that is, arbitrary; bourgeois monopolies are natural, that is, rational.

Monopoly is a good thing, reasons M. Proudhon, since it is an economic category, an emanation "from the impersonal reason of humanity". Competition, again, is a good thing since it also is an economic category. But what is not good is the reality

of monopoly and the reality of competition. What is still worse is that competition and monopoly devour each other. What is to be done? Look for the synthesis of these two eternal thoughts, wrest it from the bosom of God, where it has been deposited from time immemorial.

In practical life we find not only competition, monopoly and the antagonism between them, but also the synthesis of the two, which is not a formula, but a movement. Monopoly produces competition, competition produces monopoly. Monopolists are made from competition; competitors become monopolists. If the monopolists restrict their mutual competition by means of partial associations, competition increases among the workers; and the more the mass of the proletarians grows as against the monopolists of one nation, the more desperate competition becomes between the monopolists of different nations. The synthesis is of such a character that monopoly can only maintain itself by continually entering into the struggle of competition.

To make the dialectical transition to the *taxes* which come after *monopoly*, M. Proudhon talks to us about the *social genius* which, after *zigzagging intrepidly onward*,

"after striding with a jaunty step, without repenting and without bleating, reaches the corner of monopoly, casts backward a melancholy glance, and, after profound reflection, assails all the objects of production with taxes, and creates a whole administrative organization, in order that all employments be given to the proletariat and paid by the men of monopoly." [I 284, 285]

What can we say of this genius, which, while fasting, walks about in a zigzag?? And what can we say of this walking which has no other object in view than that of destroying the bourgeois by taxes, whereas taxes are the very means of giving the bourgeois the wherewithal to preserve themselves as the ruling class??

Merely to give a glimpse of the manner in which M. Proudhon treats economic details, it suffices to say that, according to him, the tax on consumption was established with a view to equality, and to relieve the proletariat.

The tax on consumption has assumed its true development only since the rise of the bourgeoisie. In the hands of industrial capital, that is, of sober and economical wealth, which maintains, reproduces, and increases itself by the direct exploitation of labor, the tax on consumption was a means of exploiting the frivolous, gay, prodigal wealth of the fine lords who did nothing but consume, James Steuart clearly developed this original purpose of the tax on consumption in his *Recherches*

des principes de l'economie politique, which he published 10 years before Adam Smith.

"Under the pure monarchy, the prince seems jealous, as it were, of growing wealth, and therefore imposes taxes upon people who are growing richer. Under the limited government they are calculated chiefly to affect those who from rich are growing poorer. Thus the monarch imposes a tax upon industry, where everyone is rated in proportion to the gain he is supposed to make by his profession. The poll-tax and taille are likewise proportioned to the supposed opulence of everyone libel to them.... In limited governments, impositions are more generally laid upon consumption." [II 190-91]

As for the *logical sequence* of taxes, of the balance of trade, of credit — in the understanding of M. Proudhon — we could only remark that the English bourgeoisie, on attaining its political constitution under William of Orange, created all at once a new system of taxes, public credit, and the system of protective duties, as soon as it was in a position freely to develop its conditions of existence.

This brief summary will suffice to give the reader a true idea of M. Proudhon's lubrications on the police or on taxes, the balance of trade, credit, communism, and population. We defy the most indulgent criticism to treat these chapters seriously.

The last pages of “The Poverty of Philosophy”

By Karl Marx, 1847

Sometimes considered as the first concise full statement of Marxism

Economists and Socialists [*The socialists of that time: the Fourierists in France, the Owenites in England – note to the German edition, 1885, by Frederick Engels*] are in agreement on one point: the condemnation of *combination*. Only they have different motives for their act of condemnation.

The economists say to workers:

Do not combine. By combination you hinder the regular progress of industry, you prevent manufacturers from carrying out their orders, you disturb trade and you precipitate the invasion of machines which, by rendering your labor in part useless, force you to accept a still lower wage. Besides, whatever you do, your wages will always be determined by the relation of hands demanded to hands supplied, and it is an effort as ridiculous as it is dangerous for you to revolt against the eternal laws of political economy.

The Socialists say to the workers:

Do not combine, because what will you gain by it anyway? A rise in wages? The economists will prove to you quite clearly that the few ha'pence you may gain by it for a few moments if you succeed will be followed by a permanent fall. Skilled calculators will prove to you that it would take you years merely to recover, through the increase in your wages, the expenses incurred for the organization and upkeep of the combinations.

And we, as Socialists, tell you that, apart from the money question, you will continue nonetheless to be workers, and the masters will still continue to be the masters, just as before. So no combination! No politics! For is not entering into combination engaging in politics?

The economists want the workers to remain in society as it is constituted and as it has been signed and sealed by them in their manuals.

The Socialists want the workers to leave the old society alone, the better to be able to enter the new society which they have prepared for them with so much foresight.

In spite of both of them, in spite of manuals and utopias, combination has not yet ceased for an instant to go forward and grow with the development and growth of modern industry. It has now reached such a stage, that the degree to which combination has developed in any country clearly marks the rank it occupies in the hierarchy of the world market. England, whose industry has attained the highest degree of development, has the biggest and best organized combinations.

In England, they have not stopped at partial combinations which have no other objective than a passing strike, and which disappear with it. Permanent combinations have been formed, *trades unions*, which serve as ramparts for the workers in their struggles with the employers. And at the present time all these local *trades unions* find a rallying point in the National Association of United Trades, the central committee of which is in London, and which already numbers 80,000 members. The organization of these strikes, combinations, and *trades unions* went on simultaneously with the political struggles of the workers, who now constitute a large political party, under the name of *Chartists*.

The first attempt of workers to associate among themselves always takes place in the form of combinations.

Large-scale industry concentrates in one place a crowd of people unknown to one another. Competition divides their interests. But the maintenance of wages, this common interest which they have against their boss, unites them in a common thought of resistance — *combination*. Thus combination always has a double aim, that of stopping competition among the workers, so that they can carry on general competition with the capitalist. If the first aim of resistance was merely the maintenance of wages, combinations, at first isolated, constitute themselves into groups as the capitalists in their turn unite for the purpose of repression, and in the face of always united capital, the maintenance of the association becomes more necessary to them than that of wages. This is so true that English economists are amazed to see the workers sacrifice a good part of their wages in favor of associations, which, in the eyes of these economists, are established solely in favor of wages. In this struggle — a veritable civil war — all the elements necessary for a coming battle unite and develop. Once it has reached this point, association takes on a political character.

Economic conditions had first transformed the mass of the people of the country into worker. The combination of capital has created for this mass a common

situation, common interests. This mass is thus already a class as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united, and constitutes itself as a class for itself. The interests it defends becomes class interests. But the struggle of class against class is a political struggle.

In the bourgeoisie we have two phases to distinguish: that in which it constituted itself as a class under the regime of feudalism and absolute monarchy, and that in which, already constituted as a class, it overthrew feudalism and monarchy to make society into a bourgeois society. The first of these phases was the longer and necessitated the greater efforts. This too began by partial combinations against the feudal lords.

Much research has been carried out to trace the different historical phases that the bourgeoisie has passed through, from the commune up to its constitution as a class.

But when it is a question of making a precise study of strikes, combinations and other forms in which the proletarians carry out before our eyes their organization as a class, some are seized with real fear and others display a *transcendental* disdain.

An oppressed class is the vital condition for every society founded on the antagonism of classes. The emancipation of the oppressed class thus implies necessarily the creation of a new society. For the oppressed class to be able to emancipate itself, it is necessary that the productive powers already acquired and the existing social relations should no longer be capable of existing side by side. Of all the instruments of production, the greatest productive power is the revolutionary class itself. The organization of revolutionary elements as a class supposes the existence of all the productive forces which could be engendered in the bosom of the old society.

Does this mean that after the fall of the old society there will be a new class domination culminating in a new political power? No.

The condition for the emancipation of the working class is the abolition of every class, just as the condition for the liberation of the third estate, of the bourgeois order, was the abolition of all estates and all orders. [*Estates here in the historical sense of the estates of feudalism, estates with definite and limited privileges. The revolution of the bourgeoisie abolished the estates and their privileges. Bourgeois society knows only classes It was, therefore, absolutely in contradiction with history to describe the proletariat as the "fourth estate" - note to the German edition, 1885, by Frederick Engels*].

The working class, in the course of its development, will substitute for the old civil society an association which will exclude classes and their antagonism, and there will be no more political power properly so-called, since political power is precisely the official expression of antagonism in civil society.

Meanwhile the antagonism between the proletariat and the bourgeoisie is a struggle of class against class, a struggle which carried to its highest expression is a total revolution. Indeed, is it at all surprising that a society founded on the *opposition* of classes should culminate in brutal *contradiction*, the shock of body against body, as its final denouement?

Do not say that social movement excludes political movement. There is never a political movement which is not at the same time social.

It is only in an order of things in which there are no more classes and class antagonisms that *social evolutions* will cease to be *political revolutions*. Till then, on the eve of every general reshuffling of society, the last word of social science will always be:

"Le combat ou la mort; la lutte sanguinaire ou le néant. C'est ainsi que la question est invinciblement posée."

George Sand

[From the novel *Jean Siska*: "Combat or Death: bloody struggle or extinction. It is thus that the question is inexorably put."]

From: <http://www.marxists.org/archive/marx/works/1847/poverty-philosophy/index.htm>

Course: Lenin's The State and Revolution

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